

2SHB 2572 - H AMD 722

By Representative Bailey

SCOPED 2/8/2006

1 On page 5, after line 21, insert the following:

2 "Sec. 12. RCW 48.21.045 and 2004 c 244 s 1 are each amended to
3 read as follows:

4 (1)((~~(a)~~)) An insurer offering any health benefit plan to a
5 small employer, either directly or through an association or
6 member-governed group formed specifically for the purpose of
7 purchasing health care, may offer and actively market to the small
8 employer ((~~a~~)) no more than one health benefit plan featuring a
9 limited schedule of covered health care services. ((~~Nothing in~~
10 ~~this subsection shall preclude an insurer from offering, or a small~~
11 ~~employer from purchasing, other health benefit plans that may have~~
12 ~~more comprehensive benefits than those included in the product~~
13 ~~offered under this subsection. An insurer offering a health~~
14 ~~benefit plan under this subsection shall clearly disclose all~~
15 ~~covered benefits to the small employer in a brochure filed with the~~
16 ~~commissioner.~~

17 ~~— (b) A health benefit plan offered under this subsection shall~~
18 ~~provide coverage for hospital expenses and services rendered by a~~
19 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not~~
20 ~~subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141,~~
21 ~~48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197,~~
22 ~~48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240,~~
23 ~~48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.~~

24 ~~— (2))~~ (a) The plan offered under this subsection may be offered
25 with a choice of cost-sharing arrangements, and may, but is not
26 required to, comply with: RCW 48.21.130 through 48.21.240,
27 48.21.244 through 48.21.280, 48.21.300 through 48.21.320,
28 48.43.045(1) except as required in (b) of this subsection,
29 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or 48.42.100.

30 (b) In offering the plan under this subsection, the insurer
31 must offer the small employer the option of permitting every

1 category of health care provider to provide health services or care
2 for conditions covered by the plan pursuant to RCW 48.43.045(1).

3 (2) An insurer offering the plan under subsection (1) of this
4 section must also offer and actively market to the small employer
5 at least one additional health benefit plan.

6 (3) Nothing in this section shall prohibit an insurer from
7 offering, or a purchaser from seeking, health benefit plans with
8 benefits in excess of the health benefit plan offered under
9 subsection (1) of this section. All forms, policies, and contracts
10 shall be submitted for approval to the commissioner, and the rates
11 of any plan offered under this section shall be reasonable in
12 relation to the benefits thereto.

13 ~~((3))~~ (4) Premium rates for health benefit plans for small
14 employers as defined in this section shall be subject to the
15 following provisions:

16 (a) The insurer shall develop its rates based on an adjusted
17 community rate and may only vary the adjusted community rate for:

- 18 (i) Geographic area;
- 19 (ii) Family size;
- 20 (iii) Age; and
- 21 (iv) Wellness activities.

22 (b) The adjustment for age in (a)(iii) of this subsection may
23 not use age brackets smaller than five-year increments, which shall
24 begin with age twenty and end with age sixty-five. Employees under
25 the age of twenty shall be treated as those age twenty.

26 (c) The insurer shall be permitted to develop separate rates
27 for individuals age sixty-five or older for coverage for which
28 medicare is the primary payer and coverage for which medicare is
29 not the primary payer. Both rates shall be subject to the
30 requirements of this subsection ~~((3))~~ (4).

31 (d) The permitted rates for any age group shall be no more than
32 four hundred twenty-five percent of the lowest rate for all age
33 groups on January 1, 1996, four hundred percent on January 1, 1997,
34 and three hundred seventy-five percent on January 1, 2000, and
35 thereafter.

36 (e) A discount for wellness activities shall be permitted to
37 reflect actuarially justified differences in utilization or cost
38 attributed to such programs.

1 (f) The rate charged for a health benefit plan offered under
2 this section may not be adjusted more frequently than annually
3 except that the premium may be changed to reflect:

4 (i) Changes to the enrollment of the small employer;

5 (ii) Changes to the family composition of the employee;

6 (iii) Changes to the health benefit plan requested by the small
7 employer; or

8 (iv) Changes in government requirements affecting the health
9 benefit plan.

10 (g) Rating factors shall produce premiums for identical groups
11 that differ only by the amounts attributable to plan design, with
12 the exception of discounts for health improvement programs.

13 (h) For the purposes of this section, a health benefit plan
14 that contains a restricted network provision shall not be
15 considered similar coverage to a health benefit plan that does not
16 contain such a provision, provided that the restrictions of
17 benefits to network providers result in substantial differences in
18 claims costs. A carrier may develop its rates based on claims
19 costs due to network provider reimbursement schedules or type of
20 network. This subsection does not restrict or enhance the
21 portability of benefits as provided in RCW 48.43.015.

22 (i) Adjusted community rates established under this section
23 shall pool the medical experience of all small groups purchasing
24 coverage. However, annual rate adjustments for each small group
25 health benefit plan may vary by up to plus or minus four percentage
26 points from the overall adjustment of a carrier's entire small
27 group pool, such overall adjustment to be approved by the
28 commissioner, upon a showing by the carrier, certified by a member
29 of the American academy of actuaries that: (i) The variation is a
30 result of deductible leverage, benefit design, or provider network
31 characteristics; and (ii) for a rate renewal period, the projected
32 weighted average of all small group benefit plans will have a
33 revenue neutral effect on the carrier's small group pool.
34 Variations of greater than four percentage points are subject to
35 review by the commissioner, and must be approved or denied within
36 sixty days of submittal. A variation that is not denied within
37 sixty days shall be deemed approved. The commissioner must provide
38 to the carrier a detailed actuarial justification for any denial
39 within thirty days of the denial.

1 (~~(4)~~) (5) Nothing in this section shall restrict the right of
2 employees to collectively bargain for insurance providing benefits
3 in excess of those provided herein.

4 (~~(5)~~) (6)(a) Except as provided in this subsection,
5 requirements used by an insurer in determining whether to provide
6 coverage to a small employer shall be applied uniformly among all
7 small employers applying for coverage or receiving coverage from
8 the carrier.

9 (b) An insurer shall not require a minimum participation level
10 greater than:

11 (i) One hundred percent of eligible employees working for
12 groups with three or less employees; and

13 (ii) Seventy-five percent of eligible employees working for
14 groups with more than three employees.

15 (c) In applying minimum participation requirements with respect
16 to a small employer, a small employer shall not consider employees
17 or dependents who have similar existing coverage in determining
18 whether the applicable percentage of participation is met.

19 (d) An insurer may not increase any requirement for minimum
20 employee participation or modify any requirement for minimum
21 employer contribution applicable to a small employer at any time
22 after the small employer has been accepted for coverage.

23 (~~(6)~~) (7) An insurer must offer coverage to all eligible
24 employees of a small employer and their dependents. An insurer may
25 not offer coverage to only certain individuals or dependents in a
26 small employer group or to only part of the group. An insurer may
27 not modify a health plan with respect to a small employer or any
28 eligible employee or dependent, through riders, endorsements or
29 otherwise, to restrict or exclude coverage or benefits for specific
30 diseases, medical conditions, or services otherwise covered by the
31 plan.

32 (~~(7)~~) (8) As used in this section, "health benefit plan,"
33 "small employer," "adjusted community rate," and "wellness
34 activities" mean the same as defined in RCW 48.43.005.

35 **Sec. 13.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to
36 read as follows:

37 (1)(~~(a)~~) A health care services contractor offering any
38 health benefit plan to a small employer, either directly or through

1 an association or member-governed group formed specifically for the
2 purpose of purchasing health care, may offer and actively market to
3 the small employer ((a)) no more than one health benefit plan
4 featuring a limited schedule of covered health care services.

5 ~~((Nothing in this subsection shall preclude a contractor from
6 offering, or a small employer from purchasing, other health benefit
7 plans that may have more comprehensive benefits than those included
8 in the product offered under this subsection. A contractor
9 offering a health benefit plan under this subsection shall clearly
10 disclose all covered benefits to the small employer in a brochure
11 filed with the commissioner.~~

12 ~~— (b) A health benefit plan offered under this subsection shall
13 provide coverage for hospital expenses and services rendered by a
14 physician licensed under chapter 18.57 or 18.71 RCW but is not
15 subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245,
16 48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330,
17 48.44.335, 48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440,
18 48.44.450, and 48.44.460.~~

19 ~~— (2)) (a) The plan offered under this subsection may be offered
20 with a choice of cost-sharing arrangements, and may, but is not
21 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,
22 48.44.240 through 48.44.245, 48.44.290 through 48.44.340,
23 48.44.344, 48.44.360 through 48.44.380, 48.44.400, 48.44.420,
24 48.44.440 through 48.44.460, 48.44.500, 48.43.045(1) except as
25 required in (b) of this subsection, 48.43.093, 48.43.115 through
26 48.43.185, 48.43.515(5), or 48.42.100.~~

27 (b) In offering the plan under this subsection, the health care
28 service contractor must offer the small employer the option of
29 permitting every category of health care provider to provide health
30 services or care for conditions covered by the plan pursuant to RCW
31 48.43.045(1).

32 (2) A health care service contractor offering the plan under
33 subsection (1) of this section must also offer and actively market
34 to the small employer at least one additional health benefit plan.

35 (3) Nothing in this section shall prohibit a health care
36 service contractor from offering, or a purchaser from seeking,
37 health benefit plans with benefits in excess of the health benefit
38 plan offered under subsection (1) of this section. All forms,
39 policies, and contracts shall be submitted for approval to the

1 commissioner, and the rates of any plan offered under this section
2 shall be reasonable in relation to the benefits thereto.

3 ~~((3))~~ (4) Premium rates for health benefit plans for small
4 employers as defined in this section shall be subject to the
5 following provisions:

6 (a) The contractor shall develop its rates based on an adjusted
7 community rate and may only vary the adjusted community rate for:

- 8 (i) Geographic area;
- 9 (ii) Family size;
- 10 (iii) Age; and
- 11 (iv) Wellness activities.

12 (b) The adjustment for age in (a)(iii) of this subsection may
13 not use age brackets smaller than five-year increments, which shall
14 begin with age twenty and end with age sixty-five. Employees under
15 the age of twenty shall be treated as those age twenty.

16 (c) The contractor shall be permitted to develop separate rates
17 for individuals age sixty-five or older for coverage for which
18 medicare is the primary payer and coverage for which medicare is
19 not the primary payer. Both rates shall be subject to the
20 requirements of this subsection ~~((3))~~ (4).

21 (d) The permitted rates for any age group shall be no more than
22 four hundred twenty-five percent of the lowest rate for all age
23 groups on January 1, 1996, four hundred percent on January 1, 1997,
24 and three hundred seventy-five percent on January 1, 2000, and
25 thereafter.

26 (e) A discount for wellness activities shall be permitted to
27 reflect actuarially justified differences in utilization or cost
28 attributed to such programs.

29 (f) The rate charged for a health benefit plan offered under
30 this section may not be adjusted more frequently than annually
31 except that the premium may be changed to reflect:

- 32 (i) Changes to the enrollment of the small employer;
- 33 (ii) Changes to the family composition of the employee;
- 34 (iii) Changes to the health benefit plan requested by the small
35 employer; or
- 36 (iv) Changes in government requirements affecting the health
37 benefit plan.

1 (g) Rating factors shall produce premiums for identical groups
2 that differ only by the amounts attributable to plan design, with
3 the exception of discounts for health improvement programs.

4 (h) For the purposes of this section, a health benefit plan
5 that contains a restricted network provision shall not be
6 considered similar coverage to a health benefit plan that does not
7 contain such a provision, provided that the restrictions of
8 benefits to network providers result in substantial differences in
9 claims costs. A carrier may develop its rates based on claims
10 costs due to network provider reimbursement schedules or type of
11 network. This subsection does not restrict or enhance the
12 portability of benefits as provided in RCW 48.43.015.

13 (i) Adjusted community rates established under this section
14 shall pool the medical experience of all groups purchasing
15 coverage. However, annual rate adjustments for each small group
16 health benefit plan may vary by up to plus or minus four percentage
17 points from the overall adjustment of a carrier's entire small
18 group pool, such overall adjustment to be approved by the
19 commissioner, upon a showing by the carrier, certified by a member
20 of the American academy of actuaries that: (i) The variation is a
21 result of deductible leverage, benefit design, or provider network
22 characteristics; and (ii) for a rate renewal period, the projected
23 weighted average of all small group benefit plans will have a
24 revenue neutral effect on the carrier's small group pool.
25 Variations of greater than four percentage points are subject to
26 review by the commissioner, and must be approved or denied within
27 sixty days of submittal. A variation that is not denied within
28 sixty days shall be deemed approved. The commissioner must provide
29 to the carrier a detailed actuarial justification for any denial
30 within thirty days of the denial.

31 ~~((4))~~ (5) Nothing in this section shall restrict the right of
32 employees to collectively bargain for insurance providing benefits
33 in excess of those provided herein.

34 ~~((5))~~ (6)(a) Except as provided in this subsection,
35 requirements used by a contractor in determining whether to provide
36 coverage to a small employer shall be applied uniformly among all
37 small employers applying for coverage or receiving coverage from
38 the carrier.

1 (b) A contractor shall not require a minimum participation
2 level greater than:

3 (i) One hundred percent of eligible employees working for
4 groups with three or less employees; and

5 (ii) Seventy-five percent of eligible employees working for
6 groups with more than three employees.

7 (c) In applying minimum participation requirements with respect
8 to a small employer, a small employer shall not consider employees
9 or dependents who have similar existing coverage in determining
10 whether the applicable percentage of participation is met.

11 (d) A contractor may not increase any requirement for minimum
12 employee participation or modify any requirement for minimum
13 employer contribution applicable to a small employer at any time
14 after the small employer has been accepted for coverage.

15 ~~((6))~~ (7) A contractor must offer coverage to all eligible
16 employees of a small employer and their dependents. A contractor
17 may not offer coverage to only certain individuals or dependents in
18 a small employer group or to only part of the group. A contractor
19 may not modify a health plan with respect to a small employer or
20 any eligible employee or dependent, through riders, endorsements or
21 otherwise, to restrict or exclude coverage or benefits for specific
22 diseases, medical conditions, or services otherwise covered by the
23 plan.

24 **Sec. 14.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to
25 read as follows:

26 (1)~~((a))~~ A health maintenance organization offering any
27 health benefit plan to a small employer, either directly or through
28 an association or member-governed group formed specifically for the
29 purpose of purchasing health care, may offer and actively market to
30 the small employer ~~((a))~~ no more than one health benefit plan
31 featuring a limited schedule of covered health care services.

32 ~~((Nothing in this subsection shall preclude a health maintenance
33 organization from offering, or a small employer from purchasing,
34 other health benefit plans that may have more comprehensive
35 benefits than those included in the product offered under this
36 subsection. A health maintenance organization offering a health
37 benefit plan under this subsection shall clearly disclose all the~~

1 covered benefits to the small employer in a brochure filed with the
2 commissioner.

3 ~~— (b) A health benefit plan offered under this subsection shall~~
4 ~~provide coverage for hospital expenses and services rendered by a~~
5 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not~~
6 ~~subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285,~~
7 ~~48.46.290, 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480,~~
8 ~~48.46.510, 48.46.520, and 48.46.530.~~

9 ~~— (2))~~ (a) The plan offered under this subsection may be offered
10 with a choice of cost-sharing arrangements, and may, but is not
11 required to, comply with: RCW 48.46.250, 48.46.272 through
12 48.46.290, 48.46.320, 48.46.350, 48.46.375, 48.46.440 through
13 48.46.460, 48.46.480, 48.46.490, 48.46.510, 48.46.520, 48.46.530,
14 48.46.565, 48.46.570, 48.46.575, 48.43.045(1) except as required in
15 (b) of this subsection, 48.43.093, 48.43.115 through 48.43.185,
16 48.43.515(5), or 48.42.100.

17 (b) In offering the plan under this subsection, the health
18 maintenance organization must offer the small employer the option
19 of permitting every category of health care provider to provide
20 health services or care for conditions covered by the plan pursuant
21 to RCW 48.43.045(1).

22 (2) A health maintenance organization offering the plan under
23 subsection (1) of this section must also offer and actively market
24 to the small employer at least one additional health benefit plan.

25 (3) Nothing in this section shall prohibit a health maintenance
26 organization from offering, or a purchaser from seeking, health
27 benefit plans with benefits in excess of the health benefit plan
28 offered under subsection (1) of this section. All forms, policies,
29 and contracts shall be submitted for approval to the commissioner,
30 and the rates of any plan offered under this section shall be
31 reasonable in relation to the benefits thereto.

32 ~~((3))~~ (4) Premium rates for health benefit plans for small
33 employers as defined in this section shall be subject to the
34 following provisions:

35 (a) The health maintenance organization shall develop its rates
36 based on an adjusted community rate and may only vary the adjusted
37 community rate for:

- 38 (i) Geographic area;
- 39 (ii) Family size;

1 (iii) Age; and

2 (iv) Wellness activities.

3 (b) The adjustment for age in (a)(iii) of this subsection may
4 not use age brackets smaller than five-year increments, which shall
5 begin with age twenty and end with age sixty-five. Employees under
6 the age of twenty shall be treated as those age twenty.

7 (c) The health maintenance organization shall be permitted to
8 develop separate rates for individuals age sixty-five or older for
9 coverage for which medicare is the primary payer and coverage for
10 which medicare is not the primary payer. Both rates shall be
11 subject to the requirements of this subsection (~~((+3))~~) (4).

12 (d) The permitted rates for any age group shall be no more than
13 four hundred twenty-five percent of the lowest rate for all age
14 groups on January 1, 1996, four hundred percent on January 1, 1997,
15 and three hundred seventy-five percent on January 1, 2000, and
16 thereafter.

17 (e) A discount for wellness activities shall be permitted to
18 reflect actuarially justified differences in utilization or cost
19 attributed to such programs.

20 (f) The rate charged for a health benefit plan offered under
21 this section may not be adjusted more frequently than annually
22 except that the premium may be changed to reflect:

23 (i) Changes to the enrollment of the small employer;

24 (ii) Changes to the family composition of the employee;

25 (iii) Changes to the health benefit plan requested by the small
26 employer; or

27 (iv) Changes in government requirements affecting the health
28 benefit plan.

29 (g) Rating factors shall produce premiums for identical groups
30 that differ only by the amounts attributable to plan design, with
31 the exception of discounts for health improvement programs.

32 (h) For the purposes of this section, a health benefit plan
33 that contains a restricted network provision shall not be
34 considered similar coverage to a health benefit plan that does not
35 contain such a provision, provided that the restrictions of
36 benefits to network providers result in substantial differences in
37 claims costs. A carrier may develop its rates based on claims
38 costs due to network provider reimbursement schedules or type of

1 network. This subsection does not restrict or enhance the
2 portability of benefits as provided in RCW 48.43.015.

3 (i) Adjusted community rates established under this section
4 shall pool the medical experience of all groups purchasing
5 coverage. However, annual rate adjustments for each small group
6 health benefit plan may vary by up to plus or minus (~~four~~) eight
7 percentage points from the overall adjustment of a carrier's entire
8 small group pool, such overall adjustment to be approved by the
9 commissioner, upon a showing by the carrier, certified by a member
10 of the American academy of actuaries that: (i) The variation is a
11 result of deductible leverage, benefit design, or provider network
12 characteristics; and (ii) for a rate renewal period, the projected
13 weighted average of all small group benefit plans will have a
14 revenue neutral effect on the carrier's small group pool.
15 Variations of greater than four percentage points are subject to
16 review by the commissioner, and must be approved or denied within
17 sixty days of submittal. A variation that is not denied within
18 sixty days shall be deemed approved. The commissioner must provide
19 to the carrier a detailed actuarial justification for any denial
20 within thirty days of the denial.

21 (~~(4)~~) (5) Nothing in this section shall restrict the right of
22 employees to collectively bargain for insurance providing benefits
23 in excess of those provided herein.

24 (~~(5)~~) (6)(a) Except as provided in this subsection,
25 requirements used by a health maintenance organization in
26 determining whether to provide coverage to a small employer shall
27 be applied uniformly among all small employers applying for
28 coverage or receiving coverage from the carrier.

29 (b) A health maintenance organization shall not require a
30 minimum participation level greater than:

31 (i) One hundred percent of eligible employees working for
32 groups with three or less employees; and

33 (ii) Seventy-five percent of eligible employees working for
34 groups with more than three employees.

35 (c) In applying minimum participation requirements with respect
36 to a small employer, a small employer shall not consider employees
37 or dependents who have similar existing coverage in determining
38 whether the applicable percentage of participation is met.

1 (d) A health maintenance organization may not increase any
2 requirement for minimum employee participation or modify any
3 requirement for minimum employer contribution applicable to a small
4 employer at any time after the small employer has been accepted for
5 coverage.

6 ((~~6~~)) (7) A health maintenance organization must offer
7 coverage to all eligible employees of a small employer and their
8 dependents. A health maintenance organization may not offer
9 coverage to only certain individuals or dependents in a small
10 employer group or to only part of the group. A health maintenance
11 organization may not modify a health plan with respect to a small
12 employer or any eligible employee or dependent, through riders,
13 endorsements or otherwise, to restrict or exclude coverage or
14 benefits for specific diseases, medical conditions, or services
15 otherwise covered by the plan."

16 Correct internal references and correct the title.

EFFECT: Allows health carriers to offer limited benefit plans
in the small group market.